



KOHAT TEXTILE MILLS LIMITED

THIRD QUARTERLY REPORT
(UN-AUDITED)
MARCH 31, 2022



ENTITY RATING OF KOHAT TEXTILE MILLS LIMITED

Long Term A-

Short Term A2

Stable outlook

CREDIT RATING AGENCY



The Pakistan Credit Rating Agency Limited

Contents

| | |
|----|--|
| 02 | Company Information |
| 03 | Directors’ Review Report to the Members |
| 05 | Condensed Interim Statement of Financial Position |
| 06 | Condensed Interim Statement of Profit or loss and other Comprehensive Income |
| 07 | Condensed Interim Statement of Cash Flows |
| 08 | Condensed Interim Statement of Changes in Equity |
| 09 | Notes to the Condensed Interim Financial Statements |



COMPANY INFORMATION

BOARD OF DIRECTORS

Osman Saifullah Khan (Chairman)
Assad Saifullah Khan (Chief Executive Officer)
Hoor Yousafzai
Abdul Rehman Qureshi
Sardar Aminullah Khan
Sohail H Hydari
Rana Muhammad Shafi

AUDIT COMMITTEE

Abdul Rehman Qureshi (Chairman)
Sardar Aminullah Khan
Rana Muhammad Shafi

HR & REMUNERATION COMMITTEE

Abdul Rehman Qureshi (Chairman)
Assad Saifullah Khan
Hoor Yousafzai

CHIEF FINANCIAL OFFICER

Nouman Ahmad

COMPANY SECRETARY

Sajjad Hussain

HEAD OF INTERNAL AUDIT

Meesam Habib Butt

AUDITORS

Shinewing Hameed Chaudhri & Co.,
Chartered Accountants

LEGAL ADVISORS

Salahuddin Saif & Aslam
(Attorneys at Law)

BANKERS

Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank
First Habib Modaraba
Habib Metropolitan Bank
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
The Bank of Punjab
The Bank of Khyber
United Bank Limited

HEAD OFFICE

4th Floor, Kashmir Commercial Complex,
Fazal-e-Haq Road, Blue Area
Islamabad
Phone : (051) 2604733-5
Fax : (051) 2604732
email : ktm@saifgroup.com

REGISTERED OFFICE

APTMA House, Tehkal Payan,
Jamrud Road, Peshawar
Phone : (091) 5843870, 5702941
Fax : (091) 5840273
email : Peshawar@saifgroup.com

MILLS

Saifabad, Kohat
Phone : (0922) 862309,
862065, 862091
Fax : (0922) 862057-8
email : ktmkht@saifgroup.com

SHARE REGISTRAR

Hameed Majeed Associates (Pvt.) Ltd.,
HM House, 7-Bank Square, Lahore
Phone : (042)-37235081
(042)-37325082
Fax : (042)-37358817
email : info@hmaconsultants.com

WEB SITE

www.kohattextile.com

DIRECTORS' REVIEW REPORT TO THE MEMBERS

Dear Members,

The Board of Directors of your Company is pleased to present the financial information of the Company for nine months ended on March 31, 2022.

Performance review

The Company's turnover grew by Rs.793 million over corresponding period last year (Rs.3,346 million vs Rs.2,553 million) and posted a gross profit of Rs.604 million in the period as compared to a gross profit of Rs.448 million for the similar period last year. However, the suspension/low pressure of gas and rising KIBOR rates dampened the net profitability of the Company. Nevertheless, the Company posted a pre-tax profit of Rs.324 million, depicting 26% growth over the same period last year.

Future outlook

We wish to remain optimistic about anticipated business friendly policies of the newly formed Government, however with recent 2.5% increase in SBP policy rate, increase in minimum wage, devaluation of Pak Rupee, gas suspension/WAPDA tariff increase and with IMF package on the cards, the cost of doing business may increase further. It will require Government support to ensure that the textile remains a priority sector in the economy.

To realize business objectives the Management will continue to replace old technology machinery with better and more advanced technology and make further investment in clean/green solar project (already 1.5MW solar is operational) and will put its best efforts for reduction in the input costs.

The capital expenditure earlier approved by the Board will be fully completed before close of the current financial year. We expect this investment to significantly contribute to our revenues/profitability.

Acknowledgment

The Directors of the Company would like to thank all stakeholders for their continuous co-operation and support during the period. The Directors would also like to express their deep appreciation for the services, loyalty and efforts being continuously rendered by the employees of the Company. We look forward to the same co-operation, support and dedication in the days ahead.

For and on Behalf of the Board



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director

Place : Islamabad
Dated : April 28, 2022

ڈائریکٹرز کی جائزہ رپورٹ برائے حصص یافتگان

معزز حصص یافتگان:

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نو ماہی مالیاتی اختتامی مارچ 2022، 31 کی مالیاتی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

کارکردگی کا جائزہ:

کمپنی کی فروخت تقابلی عرصہ کے مقابل 793 ملین روپے سے بڑھی (3,346 ملین روپے برعکس 2,553 ملین روپے) اور کل منافع 604 ملین روپے رہا جو کہ تقابلی عرصہ میں 448 ملین روپے تھا۔ تاہم گیس کے پریشر میں کمی / بندش اور KIBOR میں اضافہ نے کمپنی کے منافع پر منفی اثرات مرتب کیے۔ تاہم کمپنی نے ٹیکس سے قبل 324 ملین روپے منافع کمایا جو کہ تقابلی عرصہ کے مقابل 26 فی صد اضافہ ظاہر کرتا ہے۔

مستقبل کا نقطہ نظر:

ہم نئی تشکیل شدہ حکومت سے متوقع کاروبار دوست پالیسیوں کے متعلق پر امید رہنا چاہتے ہیں تاہم حال ہی میں SBP کے پالیسی ریٹ میں 2.5 فی صد اضافہ، مٹیم ونج میں اضافہ، پاک روپے کی قدر میں کمی اور گیس کی معطلی / اوپڈا کے نرخ میں اضافہ اور IMF کی بھی متوقع ہے۔ یہ تمام عوامل کاروبار کی لاگت میں اضافے کا سبب بنیں گے۔ ٹیکسٹائل کو معیشت میں ترجیحی ٹیکس برقرار رکھنے پر گورنمنٹ کی معاونت کی ضرورت ہوگی۔

کاروبار کے اہداف کے مدنظر مینجمنٹ پرانی ٹیکنالوجی والی مشینری کی ایڈوانس ٹیکنالوجی سے تبدیلی کو جاری رکھے گی اور کلین اینڈ گرین سولر پروجیکٹ (1.5 میگا واٹ پہلے سے چالو ہے) میں مزید انویسٹ کرے گی اور آپریشنل کاسٹ کو کم کرنے کی بھرپور کوششیں کرے گی۔ بورڈ کی جانب سے منظور کئے گئے کیپیٹل ایکس بینڈ پیچر کی مالی سال کے اختتام سے پہلے تکمیل ہو جائے گی۔ امید کرتے ہیں کہ اس سے کمپنی کی فروخت / منافع میں اضافہ ہوگا۔

اظہار تشکر

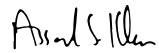
کمپنی کے ڈائریکٹرز تمام اسٹیک ہولڈرز کی جانب سے مسلسل تعاون اور معاونت کے شکر گزار ہیں۔ ڈائریکٹرز ملازمین کی مستقل طور پر دی جانے والی خدمات، وفاداری اور کاوشوں کی بھی قدر دانی کرتے ہیں۔ ہم مستقبل میں بھی اسی تعاون، معاونت اور لگن کی امید کرتے ہیں۔

منجانب بورڈ ہذا



رانا محمد شفیع

ڈائریکٹر



اسد سید اللہ خان

چیف ایگزیکٹو آفیسر

مقام: اسلام آباد

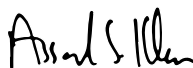
تاریخ: اپریل 28، 2022

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2022

| | Note | Un-audited March 31, 2022 (Rupees in thousand) | Audited June 30, 2021 |
|---|------|---|-----------------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 4 | 3,472,380 | 2,923,789 |
| Long term investment | | 2,500 | 2,350 |
| Long term loans | | 1,200 | 1,136 |
| Long term deposits | | 6,026 | 5,041 |
| | | 3,482,106 | 2,932,316 |
| Current Assets | | | |
| Stores, spare parts and loose tools | | 45,003 | 40,609 |
| Stock-in-trade | | 1,341,860 | 714,281 |
| Trade debts | | 863,826 | 512,827 |
| Loans and advances | | 11,606 | 3,500 |
| Deposits, other receivables and prepayments | | 17,738 | 17,786 |
| Sales tax refundable | | 17,820 | 4,788 |
| Cash and bank balances | | 9,458 | 6,000 |
| | | 2,307,311 | 1,299,791 |
| | | 5,789,417 | 4,232,107 |
| Equity and Liabilities | | | |
| Share Capital and Reserves | | | |
| Authorized capital | | | |
| 22,000,000 ordinary shares of Rs.10 each | | 220,000 | 220,000 |
| Issued, subscribed and paid up capital | | 208,000 | 208,000 |
| Revenue reserve | | | |
| - Unappropriated profit | | 719,714 | 535,375 |
| Capital reserve | | | |
| - Surplus on revaluation of Property, Plant and Equipment | | 1,192,706 | 1,205,777 |
| Unrealised loss on financial assets at fair value through other comprehensive income | | - | (150) |
| | | 2,120,420 | 1,949,002 |
| Non-Current Liabilities | | | |
| Loan from the Holding Company | | 70,000 | 80,000 |
| Long term financing | | 870,547 | 596,282 |
| Long term deposits | | 3,795 | 2,804 |
| Lease liabilities | | 6,823 | 8,321 |
| Deferred Income - government grant | | - | 237 |
| Deferred liability - staff retirement benefits | | 148,749 | 140,173 |
| Deferred taxation - net | | 268,642 | 192,117 |
| | | 1,368,556 | 1,019,934 |
| Current Liabilities | | | |
| Trade and other payables | | 682,995 | 563,606 |
| Contract liabilities | | 763 | 871 |
| Accrued mark-up / profit | | 61,634 | 24,375 |
| Short term borrowings | | 1,305,511 | 427,015 |
| Current portion of non-current liabilities | | 232,549 | 245,280 |
| Unpaid dividend | | 209 | 138 |
| Unclaimed dividend | | 939 | 944 |
| Taxation | | 15,841 | 942 |
| | | 2,300,441 | 1,263,171 |
| Contingencies and commitments | 5 | 5,789,417 | 4,232,107 |

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director



NOUMAN AHMAD
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2022

| | Quarter ended | | Nine months period ended | |
|--|----------------------|-------------------|--------------------------|-------------------|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| | (Rupees in thousand) | | | |
| Sales - net | 1,147,073 | 906,479 | 3,345,902 | 2,553,326 |
| Cost of sales | (965,675) | (700,572) | (2,742,020) | (2,105,073) |
| Gross profit | 181,398 | 205,907 | 603,882 | 448,253 |
| Distribution cost | (12,737) | (8,536) | (34,349) | (24,913) |
| Administrative expenses | (32,367) | (29,080) | (93,746) | (73,212) |
| Other expenses | (3,847) | (11,718) | (26,224) | (21,062) |
| Other income | (1,442) | 55 | 1,145 | 714 |
| Profit from operations | 131,005 | 156,628 | 450,708 | 329,780 |
| Finance cost | (53,941) | (24,874) | (127,101) | (73,777) |
| Profit before taxation | 77,064 | 131,754 | 323,607 | 256,003 |
| Taxation | (17,355) | (17,847) | (131,539) | (71,488) |
| Profit after taxation | 59,709 | 113,907 | 192,068 | 184,515 |
| Other comprehensive income / (loss) | - | - | 150 | (100) |
| Total comprehensive income | 59,709 | 113,907 | 192,218 | 184,415 |
| ----- Rupees ----- | | | | |
| Earnings per share | | | | |
| - basic and diluted | 2.87 | 5.48 | 9.23 | 8.87 |

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director




NOUMAN AHMAD
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022

| | Nine months period ended | |
|---|--------------------------|-------------------|
| | March 31, 2022 | March 31, 2021 |
| | (Rupees in thousand) | |
| Cash flows from operating activities | | |
| Profit for the period - before taxation | 323,607 | 256,003 |
| Adjustments for non-cash charges and other items: | | |
| Depreciation | 75,574 | 71,203 |
| Amortisation | - | 354 |
| Staff retirement benefits - gratuity (net) | 8,576 | 10,305 |
| Loss on sale of operating fixed assets | 1,879 | 3,287 |
| Finance cost | 127,101 | 73,777 |
| Profit before working capital changes | 536,737 | 414,929 |
| Effect on cash flows due to working capital changes | | |
| (Increase) / decrease in current assets: | | |
| Stores, spare parts and loose tools | (4,394) | (4,039) |
| Stock-in-trade | (627,579) | (213,381) |
| Trade debts | (350,999) | 265,664 |
| Loans and advances | (8,106) | 6,686 |
| Deposits, other receivables and prepayments | 48 | (1,931) |
| Sales tax refundable | (13,032) | (20,703) |
| Increase / (Decrease) in current liabilities: | | |
| Trade and other payables | 119,389 | (38,663) |
| Contract liabilities | (108) | (3,664) |
| | (884,781) | (10,031) |
| Cash (used in) / generated from operating activities | (348,044) | 404,898 |
| Income taxes paid | (40,114) | (21,745) |
| Long term loans - net | (64) | 305 |
| Net (used in) / generated from operating activities | (388,222) | 383,458 |
| Cash flow from investing activities | | |
| Additions in property, plant and equipment | (639,196) | (368,342) |
| Sale proceeds of operating fixed assets | 13,152 | 4,800 |
| Net cash used in investing activities | (626,044) | (363,542) |
| Cash flows from financing activities | | |
| Long term financing - obtained | 436,688 | 269,398 |
| - repaid | (175,155) | (49,195) |
| Loan from the Holding Company- repaid | (10,000) | - |
| Lease liabilities | (2,720) | (4,805) |
| Long term deposits | 991 | 1,197 |
| Short term borrowings - net | 878,496 | (144,844) |
| Dividend paid | (20,734) | (39) |
| Finance cost paid | (89,842) | (95,003) |
| Net cash generated from / (used in) financing activities | 1,017,724 | (23,291) |
| Net increase / (decrease) in cash and cash equivalents | 3,458 | (3,375) |
| Cash and cash equivalents - at beginning of the period | 6,000 | 12,997 |
| Cash and cash equivalents - at end of the period | 9,458 | 9,622 |

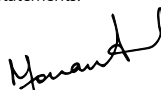
The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director



NOUMAN AHMAD
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022

| | Share capital | Revenue reserves | Capital reserve | Unrealised (loss) / gain on financial assets at fair value through other comprehensive income | Total |
|--|---------------|-----------------------|--|---|-----------|
| | | Unappropriated profit | Revaluation surplus on property, plant and equipment | | |
| (Rupees in thousand) | | | | | |
| Balance as at July 01, 2020 (audited) | 208,000 | 218,816 | 1,224,529 | (50) | 1,651,295 |
| Total comprehensive income for the Nine months period ended March 31, 2021 | - | 184,415 | - | - | 184,415 |
| Surplus on revaluation of property, plant and equipment for the nine months realised during the period on account of incremental depreciation (net of deferred taxation) | - | 15,026 | (15,026) | - | - |
| Balance as at March 31, 2021 (un-audited) | 208,000 | 418,257 | 1,209,503 | (50) | 1,835,710 |
| Balance as at July 01, 2021 (audited) | 208,000 | 535,375 | 1,205,777 | (150) | 1,949,002 |
| Transaction with owners | | | | | |
| Cash dividend for the year ended June 30, 2021 at the rate of Re.1 per share | - | (20,800) | - | - | (20,800) |
| Total comprehensive income for the Nine months period ended March 31, 2022 | - | 192,068 | - | 150 | 192,218 |
| Surplus on revaluation of property, plant and equipment for the nine months realised (net of deferred tax) | | | | | |
| - on account of incremental depreciation | - | 10,415 | (10,415) | - | - |
| - upon sale of revalued assets | - | 2,656 | (2,656) | - | - |
| Balance as at March 31, 2022 (un-audited) | 208,000 | 719,714 | 1,192,706 | - | 2,120,420 |

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director



NOUMAN AHMAD
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

Kohat Textile Mills Limited (the Company) is a public limited Company incorporated in Pakistan during the year 1967 and its shares are quoted on Pakistan Stock Exchange. The Company is principally engaged in manufacture and sale of yarn.

1.1 Geographical location and addresses of major business units including mills / plant of the Company are as under:

| Kohat | Purpose |
|---|--------------------------|
| Saifabad | Mills / factory |
| Peshawar | |
| APTMA House, Tehkal Payan, Jamrud Road | Registered office |
| Islamabad | |
| 4 th Floor, Kashmir Commercial Complex, Fazal-e-haq road, Blue Area | Head office |
| Karachi | |
| Plot No. 36, New Karachi Cooperative Housing Society Near Dolmen Mall Tariq Road | Marketing & Sales office |
| Faisalabad | |
| P-17, Near Allied Bank Ltd, Montgomery Bazar, | Marketing & Sales office |

1.2 The Company is a Subsidiary Company of Saif Holding Limited (the Holding Company) as 77.98% (June 30,2021: 77.98%) of the Company's issued, subscribed and paid-up capital is held by the Holding Company.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

2.1.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', issued by International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017, and
- Provisions of and directives issued under the Companies Act,
- Islamic Financial Accounting Standards (IFAS) issued by the institute of Chartered Accountants of Pakistan as notified under the Act, and

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022

Where provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

2.1.2 These condensed interim financial statements does not include all the information and disclosures as required in an annual audited financial statements, and these should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2021. These condensed interim financial statements are being submitted to the shareholders as required by the section 237 of the Companies Act.

2.2 Standards, amendments to approved accounting standards effective in current period and are relevant

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on July 01, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

2.3 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the accounting standards and interpretations that are effective for accounting periods beginning on July 01, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

2.4 Accounting policies

All the accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2021.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended June 30, 2021.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022

4. PROPERTY, PLANT AND EQUIPMENT

| | | Un-audited March 31, 2022 | Audited June 30, 2021 |
|---|-------|---------------------------------|-----------------------------|
| | | (Rupees in thousand) | |
| | Note | | |
| Operating fixed assets - tangible | 4.1 | 2,718,406 | 2,735,572 |
| Capital work-in-progress | | 647,780 | 138,224 |
| Right-of-use assets | 4.2 | 12,229 | 14,998 |
| Stores held for capital expenditure | | 93,965 | 34,995 |
| | | 3,472,380 | 2,923,789 |
| 4.1 Operating fixed assets - tangible | | | |
| Book value at beginning of the period / year | | 2,735,572 | 2,295,191 |
| Additions during the period / year | 4.1.1 | 73,439 | 540,862 |
| Disposals costing Rs.40.858 million (June 30, 2021: Rs.33.180 million) | | | |
| - at net book value | | (15,031) | (9,267) |
| Depreciation charge for the period / year | | (75,574) | (91,214) |
| Book value at end of the period / year | | 2,718,406 | 2,735,572 |
| 4.1.1 Additions during the period / year | | | |
| Buildings on freehold land | | | |
| - factory | | 29,343 | 66,292 |
| - non - factory | | 705 | 2,201 |
| - residential | | 2,967 | 13,240 |
| Plant & machinery | | 30,011 | 355,687 |
| Gas fired power plant | | - | 12,565 |
| Electric installations | | - | 85,254 |
| Equipment & appliances | | 777 | 2,050 |
| Fire extinguishing equipment | | 255 | 205 |
| Furniture & fixtures | | 4,277 | 1,201 |
| Vehicles | | 5,104 | 2,167 |
| | | 73,439 | 540,862 |

4.1.2 Borrowing cost during the current financial period ranged from 4.00% to 5.00% (2021: 4.00% to 10.39%) per annum amounting Rs.7.488 million (2021: Rs.10.752 million) has been included in the cost of plant and machinery.

4.2 Right-of-Use Assets

| | | |
|---|---------|---------|
| Book value at beginning of the period / year | 14,998 | 13,341 |
| Recognition of leases during the period / year | - | 7,487 |
| Reassessment due to mark-up rate change | 223 | (512) |
| Depreciation charge for the period / year | (2,992) | (3,323) |
| Derecognized during the period / year | - | (1,995) |
| Book value at end of the period / year | 12,229 | 14,998 |

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

5.1.1 There has been no significant change in the status of contingencies as disclosed in note 7 of the financial statements for the period ended December 31, 2021.

5.2 Commitments

5.2.1 Commitments against irrevocable letters of credit outstanding at the period-end were Rs.54.590 million (June 30, 2021: Rs.384.417 million).

5.2.2 Commitments against ijarah rentals under ijarah agreements at the period-end were Rs.31.25 million (June 30, 2021: Rs.35.049 million).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022

6. TRANSACTIONS WITH RELATED PARTIES

6.1 Significant transactions with related parties are as follows:

| Relationship | Nature of transactions | Un-audited | |
|--------------------------------------|------------------------|---------------------------|-----------------------|
| | | Nine months period ended | |
| | | March 31, 2022 | March 31, 2021 |
| | | (Rupees in thousand) | |
| i) Holding Company | | | |
| - dividend paid | | 16,220 | - |
| - mark-up charged on loan | | 5,308 | 6,231 |
| - shared expenses | | - | 249 |
| - loan repaid | | 10,000 | - |
| ii) Associated Companies | | | |
| - sale of fixed assets | | 5,000 | - |
| - sale of goods & services | | 6,468 | 56,406 |
| iii) Key management personnel | | 48,549 | 34,462 |
| | | Un-audited March 31, 2022 | Audited June 30, 2021 |
| | | (Rupees in thousand) | |

6.2 Period / year end balances are as follows:

| | | |
|-------------------------------------|--------|--------|
| Loan from the Holding Company | 70,000 | 80,000 |
| Capital Work-in-progress - advances | 32,500 | - |
| Trade and other payables | 155 | - |
| Accrued mark-up / profit | 1,806 | 1,653 |

7. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

There has been no change in the Company's sensitivity to these risks since June 30, 2021, except for the change in exposure from liquidity risks due to increase in borrowings and general exposure due to fluctuations in foreign currency and interest rates. There have been no change in risk management objectives and policies of the Company during the period.

These condensed interim financial statements does not include all financial risk management information and disclosures as are required in the audited annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended June 30, 2021.

8. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022

Fair values categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

9. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2021, whereas, the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity have been compared with the balances of comparable period of condensed interim financial statements of the Company for the nine months period ended March 31, 2021.

10. GENERAL

- 10.1** These condensed interim financial statements were approved by the Board of Directors and authorised for issue on April 28, 2022.
- 10.2** Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director



NOUMAN AHMAD
Chief Financial Officer



Kohat Textile Mills Limited

4th Floor, Kashmir Commercial Complex,
Fazal-e-Haq Road, Blue Area, Islamabad (Pakistan)
Tel: +92-51-2604733-5, Fax: +92-51-2604732
www.kohattextile.com

Scan QR code to access
financial reports online

